

Message Text

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SUBJ: LOCKHEED MAKES PROGRESS ON SOVIET PROJECTS

1. IN DISCUSSION WITH COMMERCIAL ATTACHE SEPTEMBER 27, LOCKHEED INTERNATIONAL OFFICIAL DONALD SEGNER GAVE OPTIMISTIC RUNDOWN ON STATUS OF LOCKHEED'S PENDING PROJECTS WITH SOVIETS FOLLOWING LATEST TWO-WEEK NEGOTIATING SESSION.

2. SEGNER OUTLINED TWO PROJECTS WHICH IN LOCKHEED'S VIEW REPRESENT LOGICAL STEPS ON ROAD TOWARD SALE OF L-1011'S TO USSR:

A) A ROUTE STUDY/FLTEET UTILIZATION PROJECT WHICH LOCKHEED PROPOSES PERFORM FOR AEROFLOT USING LOCKHEED'S COMPUTERS. THIS STUDY, WHICH WOULD BE MORE OR LESS IDENTICAL TO STUDIES WHICH LOCKHEED PERFORMS FOR ALL POTENTIAL CLIENTS, WOULD HAVE AS MAJOR ELEMENT INTRODUCTION OF L-1011 INTO AEROFLOT'S FLEET. STUDY WOULD SEEK TO DETERMINE EXACTLY WHAT TYPE OF TRI-STAR, I.E. RANGE, CAPACITY ETC. WOULD BE BEST SUITED TO AEROFLOT'S NEEDS. COST OF THIS STUDY HAS BEEN PLACED AT APPROXIMATELY \$500,00, AND SEGNER SAID HE HAD IMPRESSION THAT SOVIETS WERE PREPARED TO GO AHEAD WITH CURRENT SCHEDULE WHICH CALLS FOR STUDY TO BEGIN ON/ABOUT JANUARY 1, 1975 FOR THREE-MONTH PERIOD. TEAM OF 6-9 SOVIETS WOULD BE AT LOCKHEED-CALIFORNIA DURING THREE-MONTH PERIOD; AND

B) AN EVALUATION OF EXISTING SOVIET HELICOPTERS BY A LOCKHEED TEAM. THIS STUDY, WHICH WOULD BE PERFORMED
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BY SIX-MAN LOCKHEED TEAM IN MOSCOW JANUARY 1- MARCH 30, 1975
WOULD SEEK TO IDENTIFY THOSE SOVIET HELICOPTERS WHICH

HAD BEST COMMERCIAL PROSPECTS IN UNITED STATES AND OTHER WESTERN MARKETS AND DETERMINE WHAT CHANGES WOULD BE NEEDED, EITHER ON SAFETY OR ECONOMIC GROUNDS, IN THESE HELICOPTERS. LOCKHEED HAS AGREED PAY SOVIETS ABOUT \$100,00 TO MAKE THIS STUDY. ALTHOUGH FORMAL REPRESENTATION AGREEMENT BETWEEN LOCKHEED AND AVIAEXPORT ON SOVIET HELICOPTERS WOULD HAVE TO AWAIT OUTCOME OF FEASIBILITY STUDY, SEGNER SAID HE HAD IMPRESSION SOVIETS WOULD BE PREPARED GIVE LOCKHEED VERY ATTRACTIVE EXCLUSIVE MARKET IN RETURN FOR ACCESS TO COMPANY'S SALES NETWORK.

3. COMMENT: LOCKHEED HAD ORIGINALLY HOPED TO CONCLUDE BOTH OF ABOVE CONTRACTS DURING LATEST ROUND OF NEGOTIATIONS, BUT LAST-MINUTE APPEARANCE OF ORGANIZATION "VNESHTEKHNIKA" AS MAJOR FACTOR ON SOVIET SIDE SET BACK NEGOTIATIONS CONSIDERABLY. LOCKHEED NOW HOPES THAT SOVIETS WILL BE PREPARED TO SIGN DURING NEXT ROUND OF TALKS NOW SCHEDULED FOR END OF OCTOBER. LOCKHEED INTERNATIONAL PRESIDENT PRILL PLANS ACCOMPANY TEXTRON CHAIRMAN WILLIAM MILLER TO MOSCOW OCTOBER 12 IN CONNECTION WITH MEETING OF U.S.-SOVIET TRADE:ECONOMIC COUNCIL'S BOARD OF DIRECTORS, OF WHICH MILLER IS MEMBER. ALTHOUGH TEXTRON HAS NOT THUS FAR BECOME INVOLVED IN LOCKHEED'S DISCUSSIONS WITH SOVIETS, LOCKHEED APPARENTLY HOPES THAT MILLER AND PRILL WILL BE ABLE MAKE JOINT EFFORT HERE IN VIEW PENDING TEXTRON-LOCKHEED MERGER. ALTHOUGH SOVIET AGREEMENT TO ROUTE STUDY (AT COST OF \$500,00) IS LONG WAY FROM 30-PLANE ORDER WHICH LOCKHEED IS AFTER HERE, LOCKHEED OFFICIALS ARE PROBABLY CORRECT IN VIEWING SOVIET DECISION ON THIS CONTRACT AS TEST OF THEIR SERIOUSNESS IN PURSUING TALKS WITH LOCKHEED.
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